

CONTROLLER STEVE WESTLY

STATE OF CALIFORNIA

300 Capitol Mall
Sacramento, CA 95814
916.445.3028
www.controller.ca.gov

FOR IMMEDIATE RELEASE:
January 22, 2004

**CONTACT: STEVEN FISHER OR
STACEY RAGLAND**
916-445-2636

Westly Urges Cutting Waste in Inmate Health Care

Westly: "Most Californians have health plans that are designed to ensure both quality and affordable care. The inmate system is doing neither."

The following is text of a letter sent January 22nd from California State Controller Steve Westly to Governor Arnold Schwarzenegger urging him to adopt a managed health care system for prison inmates.

Dear Governor Schwarzenegger:

I was pleased to see your fiscal year 2004-2005 budget includes more than \$400 million of corrections spending cuts. Indeed, your budget can do more to cut waste. Reducing the corrections budget the right way could set an example for the rest of the government.

To bring the corrections cuts to reality, I hope you will explore shifting to a managed care system for inmate health services.

While more than 23 million Californians are covered by managed health care plans such as HMOs and Preferred Provider Organizations, California's inmates get their health care under an "unmanaged" system, which costs taxpayers \$900 million per year. Inmate health care puts little emphasis on preventive measures like screenings or on managing diseases like HIV and diabetes.

Neglecting preventive health care costs the state millions, as inmates are more likely to unnecessarily develop more serious conditions that require treatment from expensive private doctors and hospitals. And there are additional costs such as security to monitor hospital stays outside prison.

Last year, the state legislature, in an effort to reign in spending, ordered the Bureau of State Audits to examine the inmate health care system and its seemingly overpriced contracts for private hospitals. It is my understanding that the independent Office of the Inspector General has also examined unnecessary prison health care spending.

Managed health care can eliminate unnecessary and expensive health costs by focusing on prevention and having doctors ensure that inmates are using the most cost-effective treatments and drugs available. National health policy experts estimate that shifting from an unmanaged to a managed care system can reduce costs by as much as 30 percent. In 1993, the state of Texas shifted to an HMO model, resulting in \$142 million in savings over five years.

- MORE -

Most Californians have health plans that are designed to ensure both quality and affordable care. The inmate system is doing neither.

There's simply no excuse for not managing inmate health care in the same way care is managed for the rest of the population.

It is also critical that the Controller's Office, which has the constitutional power to conduct audits, is allowed to conduct performance audits that reveal waste such as unnecessary health care spending.

Assembly member Barbara Matthews recently introduced legislation to allow performance audits. I hope you will support this legislation and sign it into law.

I hope you consider these and other proposals to cut waste and restore California's fiscal health.

Sincerely,

Steve Westly
California State Controller

###